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FIRST AMENDMENT TO LEASE AGREEMENT (SPTC Trust No. 1994-2)
(Redesignated SPT 1994-C)

Dated as of September 29, 1994

between

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION,
as Owner Lessor

and

SOUTHERN PACIFIC TRANSPORTATION COMPANY,
as Lessee

SOUTHERN PACIFIC TRANSPORTATION COMPANY

133 Remanufactured SD40M-2 Locomotives

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APPENDIX A - DEFINITIONS

FIRST AMENDMENT TO LEASE AGREEMENT
(SPTC Trust No. 1994-2)
(Redesignated SPT 1994-C)

This FIRST AMENDMENT TO LEASE AGREEMENT (SPTC Trust No. 2) (redesignated SPT 1994-C) (hereinafter referred to as this "Lease Amendment"), dated as of September 29, 1994, between SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, a national banking association, with its principal place of business at 777 Main Street, Hartford, Connecticut 06115, Attn: Corporate Trust Administration, MSN 236, (SPT 1994-C), not in its individual capacity, except as expressly stated herein and in the Lease referred to below, but solely as Owner Trustee under a certain Trust Agreement (SPTC Trust No. 1994-2), dated as of January 15, 1994, as amended, and its successors and assigns ("Lessor"), and SOUTHERN PACIFIC TRANSPORTATION COMPANY, a Delaware corporation with its principal place of business at One Market Plaza, San Francisco, California 94105, Attn: Vice President Finance ("Lessee").

W I T N E S S E T H:

WHEREAS, Lessee, the Owner Participant (as defined in the Original Participation Agreement referred to below, the "Owner Participant"), Bank of America National Trust and Savings Association (the "Original Loan Participant"), Lessor and State Street Bank and Trust Company of Connecticut, National Association, a national banking association (the "Indenture Trustee") entered into that certain Participation Agreement (SPTC Trust No. 1994-2) dated as of January 15, 1994 (the "Original Participation Agreement"), providing for the sale and lease of 133 remanufactured SD40M-2 Locomotives (the "Equipment");

WHEREAS, Lessor and the Indenture Trustee entered into that certain Trust Indenture and Security Agreement (SPTC Trust No. 1994-2), dated as of June 29, 1994 (such Trust Indenture and Security Agreement, as supplemented by Trust Agreement and Indenture Supplement No. 1 (SPTC Trust No. 1994-2), dated June 29, 1994, the "Original Indenture"), pursuant to which the Lessor issued to the Original Loan Participant certificates substantially in the form set forth in Article II of such Original Indenture (the "Original Equipment Notes") as evidence of the loan then being made by the Original Loan Participant;

WHEREAS, Lessor and Lessee entered into a Lease Agreement (SPTC Trust No. 1994-2) relating to the Equipment, dated as of June 29, 1994 (such Lease Agreement, as supplemented by Lease Supplement No. 1 (SPTC Trust No. 1994-2), dated June 29, 1994, the "Lease") whereby, subject to the terms and conditions set forth therein, Lessor agreed to

lease to Lessee, and Lessee agreed to lease from Lessor, the Equipment on its Delivery Date;

WHEREAS, Section 10.2 of the Original Participation Agreement contemplates the redemption of the Original Equipment Notes as part of a refunding or refinancing operation and Section 3.4 of the Lease contemplates the adjustment of Rent in the event of such a refunding or refinancing operation, and the Lessee has given its written notice to the Owner Participant and the Owner Trustee, pursuant to such Section 10.2, of its desire to implement such a refunding or refinancing operation;

WHEREAS, in order to accomplish such redemption (i) the Owner Trustee, the Indenture Trustee, the Loan Participant and The First National Bank of Boston (the "Loan Trustee"), have entered into the Instrument of Resignation, Appointment and Acceptance (SPT 1994-C), dated as of September 29, 1994 (the "Instrument of Resignation"), pursuant to which the Indenture Trustee has resigned under the Original Indenture, and the other parties thereto have accepted such resignation and the appointment of the Loan Trustee as successor to the Indenture Trustee, (ii) Lessee, the Owner Participant, Lessor, the Indenture Trustee, the Loan Participant, The First National Bank of Boston, as Trustee (in such capacity, the "Pass Through Trustee") under [seven] separate Pass Through Trust Agreements, each dated as of September 29, 1994, and the Loan Trustee have entered into a Refunding Agreement (SPT 1994-C), dated as of September 29, 1994 (the "Refunding Agreement"), and (iii) Lessor and Loan Trustee have amended and restated the Original Indenture as the Amended and Restated Trust Indenture and Security Agreement (SPT 1994-C) (such amended and restated Indenture, the "Amended and Restated Indenture" or the "Indenture"); and

WHEREAS, in order to carry out the provisions of such written notice and the provisions of the Refunding Agreement, including, without limitation, Section 6 thereof, Lessor and Lessee wish to amend the Lease by entering into this Lease Amendment;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereto agree as follows:

Section 1. General Amendment to the Lease. (a) Every reference in the Lease to the term "Break Funding Costs", except as otherwise amended hereby, is amended by deleting the term "Break Funding Costs" each time it appears and substituting therefor the term "Make-Whole Premium".

(b) Every reference in the Lease to the term "the Loan Participant", "the Loan Participants" or "each Loan Participant" shall mean and be a reference to the Pass Through Trustee, so long as the Pass Through Trustee is the holder of any Equipment Notes.

(c) Every reference in the Lease to "(SPTC Trust No. 1994-2)" is replaced with a reference to "(SPT 1994-C)".

(d) Every reference in the Lease to the "Indenture Trustee" shall mean and be a reference to the "Loan Trustee".

Section 2. Amendment to Section 3 of the Lease. (a) The second sentence of Section 3.2(b) of the Lease is amended in its entirety to provide as follows:

"Each such semi-annual payment of Basic Rent shall be in an amount equal to the product of the Equipment Cost for such Unit multiplied by the Basic Rent percentage for such Unit set forth opposite such Rent Payment Date on Schedule 3 to the Participation Agreement (as such Schedule 3 shall be adjusted in accordance with Section 2.6 of the Participation Agreement)."

(b) Section 3.2(c) of the Lease is deleted in its entirety and the words "[Intentionally Omitted]" substituted therefor.

(c) Section 3.2(d) of the Lease is amended in its entirety to provide as follows:

"(d) Anything contained herein or in the Participation Agreement to the contrary notwithstanding, each installment of Basic Rent (both before and after any adjustment in accordance with Section 2.6 of the Participation Agreement) shall be, under any circumstances and in any event, in an amount which will be at least sufficient for the Lessor to pay in full, as of the due date of such installment, any payment of principal of and interest in addition to any other amounts on the Equipment Notes required to be paid by the Lessor pursuant to the Indenture on such due date."

Section 3. Amendment to Section 6 of the Lease. The proviso to Section 6.1(b) of the Lease is amended in its entirety to provide as follows:

"provided that the Lessee agrees to promptly discharge any such Permitted Lien upon return of the Unit."

Section 4. Amendment to Section 8 of the Lease. Section 8.3(a) of the Lease is amended by deleting the words "and the Indenture Trustee" in clause (i) and clause (ii) thereof and by deleting the words "or the Indenture Trustee" in clause (iii) thereof.

Section 5. Amendment to Section 10 of the Lease. The sixth sentence of Section 10.1 of the Lease is amended by adding at the end thereof the following:

; provided that the Lessor shall not deliver any such bill of sale until after payment has been made to the Loan Trustee of an amount sufficient to redeem all outstanding Equipment Notes in accordance with the terms of the Indenture.

Section 6. Amendment to Section 11 of the Lease. Section 11.1 of the Lease is amended by deleting the words "unless, in the case of either clause (x) or (y), the existence of such Event of Loss is waived in writing by the Lessor and the Indenture Trustee".

Section 7. Amendment to Section 14 of the Lease. (a) Clause (a) of Section 14 of the Lease is amended in its entirety to provide as follows:

"(a) the Lessee shall fail to make any payment of Basic Rent, or any payment under Section 10.1(b), 10.2 or 11.2, within 10 days after the same shall have become due;"

(b) Clause (b) of Section 14 of the Lease is amended by deleting the words "10 Business Days" and substituting the words "10 days" therefor.

Section 8. Amendment to Section 18 of the Lease. The last sentence of Section 18 is amended by adding the words "the Refunding Agreement," after the words "the Participation Agreement,".

Section 9. Amendment to Section 20 of the Lease. The notice address for the Loan Trustee is replaced in its entirety by the following:

The First National Bank of Boston
Blue Hills Office Park
150 Royall Street
Mail Stop 45-02-15
Canton, MA 02021
Attn: Corporate Trust Division
(Southern Pacific Transportation Corporation-SPT 1994-C)
Facsimile No.: (617) 575-2078
Confirmation No.: (617) 575-2983

Section 10. Amendment to Appendix A to the Lease. Appendix A to the Lease is replaced by Appendix A to this Amendment.

Section 11. Effectiveness of Amendments. The amendments to the Lease set forth in Sections 1 through 11 hereof shall become effective as of the Closing (as such term is defined in the Refunding Agreement).

Section 12. Ratification. Except as amended hereby, the Lease shall remain in full force and effect.

Section 13. Miscellaneous. This Lease Amendment may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Lease Amendment including a signature page executed by each of the parties hereto shall be an original counterpart of this Lease Amendment, but all of such counterparts together shall constitute one instrument. THIS LEASE AMENDMENT SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. To the extent, if any, that the Lease or this Lease Amendment constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in the Lease or in this Lease Amendment may be created through the transfer or possession of any counterpart, other than the original counterpart, which shall be identified as the counterpart containing on the signature page thereof the receipt therefor executed by the Loan Trustee. This Lease Amendment is being delivered in the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Lease
Amendment to be duly executed by their respective officers thereunto duly authorized as of
the day and year first above written.

LESSOR

SHAWMUT BANK CONNECTICUT,
NATIONAL ASSOCIATION,
not in its individual capacity, but solely as
Owner Trustee

By: 

Title: MARK A. FORGETTA
VICE PRESIDENT

LESSEE

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By: _____

Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Lease
Amendment to be duly executed by their respective officers thereunto duly authorized as of
the day and year first above written.

LESSOR

SHAWMUT BANK CONNECTICUT,
NATIONAL ASSOCIATION,
not in its individual capacity, but solely as
Owner Trustee

By: _____
Title:

LESSEE

SOUTHERN PACIFIC TRANSPORTATION
COMPANY

By: *[Signature]*
Title: Vice President Finance

SPT 1994-B

STATE OF Connecticut)
COUNTY OF Hartford) ss.:

On this ___ day of September, 1994, before me personally appeared MARK A. FORGETTA, to me personally known, who, by me being duly sworn, says that he is a VICE PRESIDENT of Shawmut Bank Connecticut, National Association, and that the foregoing instrument was signed on behalf of said bank by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Cynthia L. Essay
Notary Public

CYNTHIA L. ESSAY
NOTARY PUBLIC

MY COMMISSION EXPIRES FEBRUARY 28, 1998

STATE OF CALIFORNIA

)

)SS:

COUNTY OF SAN FRANCISCO

)

On Sept. 26, 1994, 1994 before me, Virginia Fraire-Fong, Notary Public, personally appeared L.C. Harberty, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Virginia Fraire-Fong

APPENDIX A

DEFINITIONS

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Agreements referred to below, unless otherwise defined in an Operative Agreement or the context thereof shall otherwise require and such meanings shall be equally applicable to both the singular and the plural forms of the terms herein defined. In the case of any conflict between the provisions of this Appendix A and the provisions of the main body of any Operative Agreement, the provisions of the main body of such Operative Agreement shall control the construction of such Operative Agreement.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, and (ii) references to parties to agreements shall be deemed to include the permitted successors and assigns of such parties.

Defined Terms

"Acceptance Date" shall mean, with respect to any Unit, the date of delivery and acceptance by Lessee on behalf of Lessor of any such Unit.

"Additional Storage Period" shall have the meaning specified in Section 6.1(e) of the Lease.

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"After-Tax Basis" means, with respect to any payment to be received by an Indemnified Person (which, for purposes of this definition, shall include any Tax Indemnitee and, for purposes of the Tax Indemnity Agreement, the Owner Participant (as defined therein)), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits,

deductions or other Tax benefits arising from the payment by the Indemnified Person of any amount, including Taxes, for which the payment to be received is made) actually imposed currently on the Indemnified Person by any Governmental Authority or taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment to be received; provided, however, for the purposes of this definition, it shall be assumed that for the Owner Participant (or any Affiliate thereof) as an Indemnified Person, federal, state and local taxes are payable at the highest marginal federal, state and local statutory income tax rates applicable to corporations from time to time.

"All-in- PV" shall mean the net present value (computed using a discount rate of the Assumed Rate) or (i) the aggregate Basic Rent due and payable through and including the EBO Date (excluding any Basic Rent due on the EBO Date that is denominated as an advance Basic Rent payment) and (ii) the EBO Amount.

"Applicable Law" shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations, permits, certificates, orders, interpretations and licenses of any Governmental Authority and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the environment).

"Appraisal" shall have the meaning specified in Section 4.2(a) of the Participation Agreement.

"Assumed Rate" shall mean the rate per annum specified as the "Assumed Rate" in the first Notice of Delivery.

"Average Life Date" shall mean, with respect to the prepayment or purchase of an Equipment Note, the date which follows the prepayment date or Purchase Date, as the case may be, by a period equal to the Remaining Weighted Average Life of such Equipment Note.

"Bank of Boston" shall mean The First National Bank of Boston, a national banking association.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. §§ 101 et seq.

"Basic Rent" shall mean, with respect to any Unit, all rent payable by the Lessee to the Lessor pursuant to Sections 3.2(a), 3.2(b) and 3.2(c) of the Lease for the Basic Term for such Unit, and all rent payable pursuant to Section 22.2 of the Lease for any Renewal Term for such Unit.

(c) Every reference in the Lease to "(SPTC Trust No. 1994-2)" is replaced with a reference to "(SPT 1994-C)".

(d) Every reference in the Lease to the "Indenture Trustee" shall mean and be a reference to the "Loan Trustee".

Section 2. Amendment to Section 3 of the Lease. (a) The second sentence of Section 3.2(b) of the Lease is amended in its entirety to provide as follows:

"Each such semi-annual payment of Basic Rent shall be in an amount equal to the product of the Equipment Cost for such Unit multiplied by the Basic Rent percentage for such Unit set forth opposite such Rent Payment Date on Schedule 3 to the Participation Agreement (as such Schedule 3 shall be adjusted in accordance with Section 2.6 of the Participation Agreement)."

(b) Section 3.2(c) of the Lease is deleted in its entirety and the words "[Intentionally Omitted]" substituted therefor.

(c) Section 3.2(d) of the Lease is amended in its entirety to provide as follows:

"(d) Anything contained herein or in the Participation Agreement to the contrary notwithstanding, each installment of Basic Rent (both before and after any adjustment in accordance with Section 2.6 of the Participation Agreement) shall be, under any circumstances and in any event, in an amount which will be at least sufficient for the Lessor to pay in full, as of the due date of such installment, any payment of principal of and interest in addition to any other amounts on the Equipment Notes required to be paid by the Lessor pursuant to the Indenture on such due date."

Section 3. Amendment to Section 6 of the Lease. The proviso to Section 6.1(b) of the Lease is amended in its entirety to provide as follows:

"provided that the Lessee agrees to promptly discharge any such Permitted Lien upon return of the Unit."

Section 4. Amendment to Section 8 of the Lease. Section 8.3(a) of the Lease is amended by deleting the words "and the Indenture Trustee" in clause (i) and clause (ii) thereof and by deleting the words "or the Indenture Trustee" in clause (iii) thereof.

Section 5. Amendment to Section 10 of the Lease. The sixth sentence of Section 10.1(b) of the Lease is amended by adding at the end thereof the following:

"EBO Amount" shall mean, with respect to any Unit as of the applicable EBO Date, the amount applicable to such Unit set forth in Schedule 6 to the Participation Agreement opposite such EBO Date.

"EBO Date" shall mean, with respect to any Unit, the date applicable to such Unit set forth as the "EBO Date" in Schedule 6 to the Participation Agreement.

"Environmental Laws" shall mean any and all Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any governmental authority regulating, relating to or imposing liability standards of conduct concerning pollution or protection of human health or the environment, as now or may at any time hereafter be in effect, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, the Solid Waste Disposal Act, the Clean Air Act, the Clean Water Act, the Superfund Amendments and Reauthorization Act of 1986, the Emergency Planning and Community-Right-to-Know Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Act, the Endangered Species Act, the Toxic Substances Control Act and the Occupational Safety and Health Act, together, in each case, with each amendment, supplement or other modification thereto, and the regulations promulgated thereunder and all substitutions therefor.

"Equipment" shall mean collectively those items of railroad rolling stock described in Schedule 1 to the Lease, as modified in Schedule 1 to each Lease Supplement, together with any and all accessions, additions, improvements, substitutions and replacements from time to time incorporated or installed in any item thereof and any and all of which remain the property of the Owner Trustee pursuant to the terms of the Lease.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Owner Trustee to the Manufacturer pursuant to Section 2 of the Participation Agreement and as set forth in Schedule 1 to the Participation Agreement with respect to such Unit.

"Equipment Notes" shall mean the Equipment Notes, each to be substantially in the form therefor set forth in Exhibit A to the Indenture, issued by the Owner Trustee pursuant to Section 2.01 of the Indenture, and authenticated by the Loan Trustee, in principal amounts and bearing interest at the rates and payable as provided in Section 2.01 of the Indenture and secured as provided in the Granting Clause of the Indenture, and shall include any Equipment Notes issued in exchange therefor or replacement thereof pursuant to Section 2.06 or 2.07 of the Indenture.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law.

"Event of Default" shall mean a Lease Event of Default.

"Event of Loss" shall have the meaning specified in Section 11.1 of the Lease.

"Excepted Property" shall mean (i) all indemnity payments or other payments (including, without limitation, payments pursuant to any right, title or interest of the Owner Trustee in its individual capacity or the Owner Participant to any payment which by the terms of Section 7 of the Participation Agreement, payments under Section 17 of the Lease and any corresponding payments under Section 3.3 of the Lease or any section of the Tax Indemnity Agreement to which the Owner Participant, the Owner Trustee in its individual capacity or any of their respective successors, Affiliates, permitted assigns, directors, officers, employees, servants and agents is entitled pursuant to the Operative Agreements, (ii) any insurance proceeds payable under insurance maintained by the Owner Trustee in its individual capacity or the Owner Participant pursuant to the second sentence of Section 12.3 of the Lease, (iii) any insurance proceeds (or governmental payments in lieu thereof) payable to the Owner Trustee in its individual capacity or to the Owner Participant under any public liability insurance maintained by the Lessee pursuant to Section 12 of the Lease or by any other Person, (iv) any amount payable to the Owner Participant by any Transferee as the purchase price of the Beneficial Interest in compliance with the terms of the Participation Agreement and the Trust Agreement, (v) any rights of the Owner Participant or the Owner Trustee in its individual capacity to demand, collect, sue for, or otherwise receive and enforce payment of the foregoing amounts and (vi) the respective rights of the Owner Trustee in its individual capacity or the Owner Participant to the proceeds of the foregoing.

"Fair Market Renewal Term" shall have the meaning specified in Section 22.2(b) of the Lease.

"Fair Market Rental Value" or "Fair Market Sales Value" with respect to any Unit of Equipment shall mean the cash rental, or the cash purchase price (as of such date as the context herein requires), as the case may be, which would be obtained in an arm's-length transaction between an informed and willing lessee or purchaser under no compulsion to lease or purchase, as the case may be, and an informed and willing lessor or seller, as the case may be (other than a lessee currently in possession), under no compulsion to lease or sell, as the case may be, but there shall be excluded from such determination any rental or purchase value attributable to additions, modifications and improvements which the Lessee is entitled to remove pursuant to Section 9.2 of the Lease and without consideration of the lessee's purchase or renewal options; provided, however, that Fair Market Rental Value shall be determined on the basis of the term and other terms and conditions of the lease being considered. In making such determination, costs of removal from the location of current use shall not be a deduction from such rental or purchase price and it shall be assumed that the Units have been collected in one place on the lines of the Lessee as directed by the Lessor. Fair Market Rental Value or Fair Market Sales Value of any Unit shall be determined on the assumption that such Unit is in the condition and state of repair required under Section 8.1 of

the Lease and that Lessee is in compliance with the Lease and the other Operative Agreements.

If the parties are unable to agree upon a Fair Market Rental Value and/or a Fair Market Sales Value within 30 days after delivery of the appropriate notice pursuant to Section 22 of the Lease or if Fair Market Rental Value or Fair Market Sales Value are to be determined for the purposes of Section 15 of the Lease, such values shall be determined by the following appraisal procedure. Determinations under this appraisal procedure shall be conclusively binding on both the Lessor and the Lessee. If either the Owner Participant or the Lessee shall have given written notice to the other requesting determination of such rental or purchase price by this appraisal procedure, such parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 15 Business Days after such notice is given, each such party shall appoint an independent appraiser within 20 Business Days after such notice is given, and the two appraisers so appointed shall within 15 Business Days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 15 Business Days after such notice is given, either such party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental Value or the Fair Market Sales Value, as the case may be, of the Units then to be appraised, within 30 days after his or their appointment. If such parties shall have appointed a single appraiser or if either such party shall have failed to appoint an appraiser, the determination of Fair Market Rental Value or Fair Market Sales Value, as the case may be, of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding as the Fair Market Rental Value or Fair Market Sales Value, as the case may be. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental Value or Fair Market Sales Value, as the case may be, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party to the Lease hereby consents and agrees not to assert any judicial or other procedures. If a mutually acceptable appraiser is selected, Lessor and Lessee shall each bear one half of the cost thereof. If three appraisers are selected as provided above, the Lessee shall bear the cost of the appraiser selected by the Lessee, the Lessor shall bear the cost of the appraiser selected by the Lessor and the Lessee and the Lessor shall equally share the cost of the third appraiser. If such appraisal is in connection with the exercise of remedies set forth in Section 15 of the Lease, the Lessee shall pay the costs of such appraisal. Notwithstanding any of the foregoing, for the purposes of Section 15 of the Lease, the Fair Market Rental Value or the Fair Market Sales Value, as the case may be, shall be zero with respect to any Unit if the Lessor

therefore has not been able to recover possession of such Unit in accordance with the terms of paragraph (b) of Section 15.1 of the Lease.

"First Amendment to Participation Agreement" shall mean the First Amendment to Participation Agreement, dated as of June 29, 1994, among the Lessee, the Participants, the Owner Trustee (in the capacities described therein) and the Loan Trustee (in the capacities described therein).

"First Amendment to Trust Agreement" shall mean the First Amendment to Trust Agreement, dated as of June 29, 1994, between the Owner Participant and the Owner Trustee.

["Final Rent Payment Date" shall mean, for each Unit, the last Rent Payment Date during the Base Lease Term applicable to such Unit.]

"Fixed Rate Renewal Term" shall have the meaning specified in Section 22.2(a) of the Lease.

"Funding Date" with respect to any Unit shall have the meaning specified for the term "Closing Date" in Section 2.3(a) of the Participation Agreement, as originally executed.

"Governmental Authority" shall mean any federal, state, county, municipal or other United States federal, state or local governmental authority, agency, board, body, instrumentality, tribunal, court or quasi-governmental authority or governmental authority, agency, board, body, instrumentality, tribunal, court or quasi-governmental authority of Canada or Mexico.

"Hazardous Substances" shall mean any hazardous or toxic substances, wastes, materials or chemicals, petroleum (including crude oil or any fraction thereof), and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, pollutants, contaminants, and any other materials and substances regulated pursuant to, or which may give rise to liability under, Environmental Law.

"Holder" shall mean a Person in whose name an Equipment Note is registered.

"ICC" shall mean the Interstate Commerce Commission, and any U.S. governmental authority that succeeds to its functions.

"Indemnified Person" shall have the meaning specified in Section 7.2(b) of the Participation Agreement.

"Indenture" or "Trust Indenture" shall mean the Amended and Restated Trust Indenture and Security Agreement (SPT 1994-C), dated as of September 29, 1994, between the Owner Trustee, in the capacities described therein, and the Loan Trustee, as amended, supplemented or otherwise modified from time to time, including supplementation by each Indenture Supplement.

"Indenture Default" shall mean an Indenture Event of Default or an event which with notice or the lapse of time or both would constitute an Indenture Event of Default.

"Indenture Estate" shall have the meaning specified in the Granting Clause of the Indenture.

"Indenture Event of Default" shall have the meaning specified in Section 4.01 of the Indenture.

"Indenture Investment" shall mean any obligation issued or guaranteed by the United States of America or any of its agencies for the payment of which the full faith and credit of the United States of America is pledged.

"Indenture Supplement" shall mean the Indenture Supplement dated a Funding Date, substantially in the form of Exhibit B to the Indenture, between the Owner Trustee, in the capacities described therein, and the Loan Trustee, covering the Units purchased by the Owner Trustee on such Funding Date.

"Indenture Trustee" shall mean State Street Bank and Trust Company of Connecticut, National Association, a national banking association, as a trustee under the Original Indenture and its successors thereunder.

"Independent Investment Banker" shall mean an independent investment banking institution of national standing appointed by Lessee.

"Initial Equipment Notes" shall mean those Equipment Notes issued on the Debt Closing Date and listed on Schedule I-B to the Refunding Agreement.

"Instrument of Resignation" shall mean the Instrument of Resignation, Appointment and Acceptance, dated as of September 29, 1994, among the Lessee, the Owner Trustee, the Indenture Trustee, the Loan Trustee and the Original Loan Participant.

"Interchange Rules" shall mean the interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads, as the same may be in effect from time to time.

"Interest Payment Date" shall mean each January 2 and July 2, commencing January 2, 1995 so long as any Equipment Note remains outstanding.

"Interim Term" shall have the meaning specified in Section 3.1 of the Lease.

"Late Rate" shall mean (a) for such period of time as the Equipment Notes are outstanding, (i) with respect to the portion of any payment of Rent that would be required to be distributed to the holders of the Equipment Notes pursuant to the terms of the Indenture, the lesser of 1% over the Debt Rate and the maximum interest rate from time to time permitted by Applicable Law, and (ii) with respect to the portion of any payment of Rent that would be required to be distributed to the Lessor pursuant to the terms of the Indenture or would be payable directly to the Lessor, the Owner Participant or the Owner Trustee in its individual capacity, the lesser of 2% over the Prime Rate and the maximum interest rate from time to time permitted by Applicable Law, and (b) at any time thereafter, with respect to the portion of any payment of Rent that would be required to be distributed to the Lessor pursuant to the terms of the Indenture or would be payable directly to the Lessor, the Owner Participant or the Owner Trustee in its individual capacity, the lesser of 2% over the Prime Rate and the maximum interest rate from time to time permitted under Applicable Law.

"Lease" shall mean the Original Lease, as amended by the Lease Amendment and as further amended, supplemented or otherwise modified from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Original Lease or the Lease.

"Lease Amendment" shall mean the First Amendment to Lease Agreement (SPTC Trust No. 1994-2) (redesignated SPT 1994-C), dated as of September 29, 1994, between the Owner Trustee, in the capacities described therein, as Lessor, and the Lessee.

"Lease Default" or "Default" shall mean a Lease Event of Default or an event which with notice or lapse of time or both would constitute a Lease Event of Default.

"Lease Event of Default" and "Event of Default" shall mean an Event of Default under the Lease as specified in Section 14 thereof.

"Lease Supplement" shall mean a Lease Supplement (SPTC Trust No 1994-2) or (SPT 1994-C), dated a Funding Date or the date that any Replacement Unit is subjected to the Lease, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering (i) the Units purchased by the Owner Trustee on such Funding Date or (ii) such Replacement Unit, as the case may be.

"Lease Term" shall mean, with respect to any Unit, the Interim Term applicable to such Unit, the Basic Term applicable to such Unit and any Renewal Term applicable to such Unit then in effect.

"Lessee" shall mean Southern Pacific Transportation Company, a Delaware corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof in accordance with Section 6.7 of the Participation Agreement.

"Lessee Agreements" shall mean the Participation Agreement, the Lease, any Lease Supplement, Refunding Agreement, the Tax Indemnity Agreement and the Pass Through Trust Agreements.

"Lessee Agreements" shall mean the Operative Agreements to which Lessee is a party.

"Lessee Person" shall have the meaning specified in Section 18 of the Tax Indemnity Agreement.

"Lessor" shall have the meaning specified in the recitals to the Lease.

"Lessor's Liens" shall mean any Lien affecting, on or in respect of the Equipment, the Lease or the Trust Estate arising as a result of (i) claims against or affecting the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Operative Agreements, or (ii) acts or omissions of the Lessor (in its individual capacity or as Owner Trustee) or the Owner Participant, not related to the transactions contemplated by the Operative Agreements, or not permitted under the Operative Agreements or in breach of any covenant or agreement of such Person set forth in any of the Operative Agreements, or (iii) taxes imposed against the Lessor (in its individual capacity or as Owner Trustee) or the Trust Estate which are not indemnified against by the Lessee pursuant to the Participation Agreement or under the Tax Indemnity Agreement, or by the Owner Participant pursuant to the Trust Agreement or (iv) claims against the Lessor or the Owner Participant arising out of the transfer (whether voluntary or involuntary) by the Lessor (in its individual capacity or as Owner Trustee) (without the consent of the Lessee, the Loan Trustee and a Majority in Interest) of all or any portion of their respective interests in the Equipment, the Trust Estate or the Operative Agreements, other than a transfer pursuant to Section 10, 11, 15 or 22 of the Lease.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance, lease, exercise of rights, claim, disposition of title or other charge of any kind on property.

"Loan Participant" shall mean and include each registered holder from time to time of an Equipment Note issued under the Indenture, including, so long as it holds any Equipment Notes issued thereunder, the Pass Through Trustee under any Pass Through Trust Agreement.

"Loan Trustee" shall mean The First National Bank of Boston, a national banking association, as trustee under the Indenture and as successor to the Indenture Trustee under the Original Indenture, and its successors thereunder.

"Loan Trustee Agreements" shall mean the Participation Agreement Amendment, the Participation Agreement, the Refunding Agreement, the Trust Indenture and the Equipment Notes.

"Losses" shall have the meaning specified in the Tax Indemnity Agreement.

"Majority in Interest" as of a particular date of determination shall mean with respect to any action or decision of the holders of the Equipment Notes, the holders of more than 50% in aggregate principal unpaid amount of the Equipment Notes, if any, then outstanding which are affected by such decision or action, excluding any Equipment Notes held by the Owner Participant or an Affiliate of the Owner Participant.

"Make-Whole Premium" shall mean, with respect to the principal amount of Equipment Notes to be prepaid or purchased on any prepayment date or Purchase Date, the amount, if any, by which the sum of the principal amount or portion thereof being prepaid or purchased plus the accrued but unpaid interest thereon to such prepayment date or Purchase Date shall be exceeded by the sum of the present values of all remaining scheduled payments of such principal amount or portion thereof and interest thereon (excluding interest accrued from the immediately preceding Interest Payment Date to such prepayment date or Purchase Date) to the stated maturity of such Equipment Note computed on a semiannual basis by discounting such payments in accordance with generally accepted financial practices assuming a 360-day year consisting of twelve 30-day months at a discount rate equal to Treasury Yield, all as determined by the Independent Investment Banker as of the third Business Day prior to such prepayment date or Purchase Date to the extent that the Treasury Yield at the time of such prepayment is equal to or higher than the Debt Rate, the Make Whole Premium is zero.

"Manufacturer" shall mean MK Rail Corporation, a Delaware corporation.

"Material Default" shall mean a Lease Default under Section 14(a), 14(b), 14(c), 14(d), 14(e), 14(g) or 14(h) of the Lease.

"Modification" shall have the meaning specified in Section 9.2 of the Lease.

"New Indenture Trustee Agreements" shall mean the Participation Agreement Amendment, the Refunding Agreement and the Instrument of Resignation.

"New Lessee Agreements" shall mean the Participation Agreement Amendment, the Lease Amendment, each Lease Supplement executed on or after the Debt Closing Date, the Refunding Agreement and the Pass Through Trust Agreements.

"New Owner Participant Agreements" shall mean the Participation Agreement Amendment, the Trust Agreement Amendment and the Refunding Agreement.

"New Owner Trustee Agreements" shall mean the Participation Agreement Amendment, the Trust Agreement Amendment, the Lease Amendment, each Lease Supplement executed on or after the Debt Closing Date, the Trust Indenture, the Refunding Agreement and the Equipment Notes.

"Net Economic Return" shall mean (a) the net after-tax yield and (b) total net after-tax cash flows ((i) preserving 100% of its anticipated annual net after-tax cash flow in each of the first five years following June 29, 1994 and (ii) preserving its anticipated annual net after-tax cash flows during the years after such five-year period within a range of 90% to 110% of the amounts originally anticipated for any such year in such period, so long as the anticipated total net after-tax cash flows are preserved for such period) expected by the original Owner Participant with respect to the Equipment, utilizing the multiple investment sinking fund method of analysis and the same assumptions as used by such Owner Participant (including the Tax Assumptions set forth in Section 2 of the Tax Indemnity Agreement) in making the original computations of Basic Rent, Stipulated Loss Value, Termination Value and EBO Amount initially set forth in Schedules 3, 4, 5 and 6 to the Participation Agreement, except as such assumptions have been adjusted for events which have been the basis for an adjustment to Rent pursuant to Section 2.6 of the Participation Agreement.

"Non-Severable Modification" shall mean any Modification that is not readily removable without causing material damage to the Equipment or any Unit.

"Notice of Conversion/Continuation" shall mean a notice in substantially the form of Exhibit J to the Participation Agreement.

"Notice of Delivery" shall have the meaning specified in Section 2.3(a) of the Participation Agreement.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation, by the President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, (ii) in the case of a partnership, by the Chairman of the Board, the President or any Vice President, the Treasurer or an

Assistant Treasurer of a corporate general partner, and (iii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Agreements" shall mean the Participation Agreement, the Bills of Sale, the Trust Agreement, the Pass Through Trust Agreements, the Equipment Notes, the Lease (including each Lease Supplement), the Indenture (including each Indenture Supplement), the Tax Indemnity Agreement, the Purchase Agreement, the Purchase Agreement Assignment and the Certificates of Acceptance.

"Optional Modification" shall have the meaning specified in Section 9.2 of the Lease.

"Original Equipment Notes" shall have the meaning specified in the Refunding Agreement.

"Original Indenture" shall mean the Trust Indenture and Security Agreement (SPTC Trust No. 1994-2), dated as of June 29, 1994, between the Owner Trustee and the Indenture Trustee.

"Original Indenture Trustee Agreements" shall mean the Original Participation Agreement, the Original Indenture and the Original Equipment Notes.

"Original Lease" or "Original Lease Agreement" or "Original Equipment Lease" shall mean the Lease of Railroad Equipment (SPTC Trust No. 1994-2) (redesignated SPT 1994-C) relating to the Equipment, dated as of June 29, 1994, between the Owner Trustee, in the capacities described therein, as Lessor, and the Lessee, as amended, supplemented or otherwise modified from time to time. The term "Lease" shall include each Lease Supplement entered into pursuant to the terms of the Lease.

"Original Lessee Agreements" shall mean the Original Participation Agreement, the Original Lease, any Lease Supplements executed prior to the Debt Closing Date and the Tax Indemnity Agreement.

"Original Loan Participant" shall mean Bank of America National Trust and Savings Association.

"Original Owner Participant Agreements" shall mean the Original Participation Agreement, the Original Trust Agreement, the Tax Indemnity Agreement and the Original Rent Schedule.

"Original Owner Trustee Agreements" shall mean the Original Participation Agreement, the Original Lease, the Original Trust Agreement, the First Amendment to Trust Agreement, the Original Indenture and the Original Equipment Notes.

"Original Participation Agreement" shall mean the Participation Agreement (SPTC Trust No. 1994-2), dated as of January 15, 1994, among the Lessee, the Participants, the Owner Trustee (in the capacities described therein) and the Loan Trustee (in the capacities described therein).

"Original Trust Agreement" shall mean that certain Trust Agreement (SPTC Trust No. 1994-2), dated as of January 15, 1994, between the Owner Participant and Shawmut Bank Connecticut, National Association, as amended, supplemented or otherwise modified from time to time.

"Overdue Rate" shall mean _____.

"Owner Participant" shall mean PMCC Leasing Corporation, a Delaware corporation, and its permitted successors and assigns.

"Owner Participant Agreements" shall mean the Trust Agreement, the Participation Agreement, the Tax Indemnity Agreement and the Refunding Agreement.

"Owner Trustee" shall mean Shawmut Bank Connecticut, National Association, a national banking association, not in its individual capacity but solely as Owner Trustee under the Trust Agreement and its successors thereunder.

"Owner Trustee Agreements" shall mean the Participation Agreement, the Lease, the Trust Agreement, the Refunding Agreement and the Equipment Notes.

"Participants" shall mean the Loan Participants and the Owner Participant.

"Participation Agreement" shall mean the Original Participation Agreement, as amended by the First Amendment to Participation Agreement, the Participation Agreement Amendment and as further amended, supplemented or otherwise modified from time to time.

"Participation Agreement Amendment" shall mean the Second Amendment to Participation Agreement, dated as of September 29, 1994, among the Lessee, the Owner

Participant, the Owner Trustee, the Pass Through Trustee, the Original Loan Participant, the Indenture Trustee and the Loan Trustee.

"Pass Through Certificates" shall mean any of the Pass Through Certificates issued pursuant to any of the Pass Through Trust Agreements.

"Pass Through Trust Agreement" shall mean each Pass Through Trust Agreement, dated as of September 29, 1994, between the Lessee and the Pass Through Trustee.

"Pass Through Trustee" shall mean The First National Bank of Boston, a national banking association, in its capacity as trustee under each Pass Through Trust Agreement, and each other person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Pass Through Trustee Agreements" shall mean the Participation Agreement Amendment, the Participation Agreement, the Refunding Agreement, the Pass Through Trust Agreements and the Pass Through Certificates.

"Permitted Investments" shall mean (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$1,000,000,000 (including the Loan Trustee and the Owner Trustee if such conditions are met) and having a rating assigned to the long-term unsecured debt of such institutions by Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's") at least equal to AA or Aa2, respectively, and (iv) commercial paper of companies, banks, trust companies or national banking associations incorporated or doing business under the laws of the United States of America or one of the States thereof and in each case having a rating assigned to such commercial paper by S&P or Moody's (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States of America) equal to the highest rating assigned by such organization; provided that if all of the above investments are not readily available, the entire amount to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; and provided further that no investment shall be eligible as a "Permitted Investment" unless the final maturity or date of return of such investment is equal to or less than ninety (90) days from the date of purchase thereof.

"Permitted Liens" with respect to the Equipment and each Unit thereof, shall mean: (i) the interests of the Lessee and the Owner Trustee under the Lease; (ii) the interest

of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 8.3 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as there exists no material risk of sale, forfeiture, loss, or loss of or interference with the use or possession of, or diminution of value, utility or useful life of, any Unit or any interest therein or any risk of interference with the payment of Rent and such contest would not result in, or increase the risk of imposition of, any criminal liability on any Indemnified Person; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of the Lessee's (or if a sublease permitted pursuant to Section 8.3 of the Lease is then in effect, any sublessee's) business securing obligations which are not due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings so long as there exists no material risk of sale, forfeiture, loss, or loss of or any risk of interference with the use or possession, or diminution of value, utility or useful life of, of any Unit or any interest therein, or interference with the payment of Rent and such contest would not result in, or increase the risk of the imposition of, any criminal liability on any Indemnified Person; (v) the Lien and security interest granted to the Loan Trustee under and pursuant to the Indenture, and the respective rights of the Loan Participants, the Loan Trustee, the Owner Participant and the Owner Trustee under the Operative Agreements; (vi) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 8.3 of the Lease) with respect to which an appeal or proceeding for review is being presented in good faith and for the payment of which adequate reserves have been provided as required by generally accepted accounting principles or other appropriate provisions have been made and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review and so long as (a) there exists no material risk of sale, forfeiture, loss or loss of or interference with the use or possession, or diminution of value, utility or useful life of, any Unit or an interest therein, or any risk of interference with the payment of Rent, (b) such contest would not result in, or increase the risk of, the imposition of any criminal liability on any Indemnified Person and (c) adequate reserves with respect to the payment of such judgment or award are maintained in accordance with generally accepted accounting principles; and (vii) salvage rights of insurers under insurance policies maintained by the Lessee pursuant to Section 12 of the Lease.

"Permitted Sublease" shall have the meaning specified in Section 8.3(a) of the Lease.

"Permitted Sublessee" shall mean any sublessee of the Equipment under a Permitted Sublease.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Premium Termination Date" shall mean, with respect to Equipment Notes Series C1, C2, C3 and C5, their respective maturity dates; and with respect to Equipment Notes Series C6, June 2, 2006.

"Prime Rate" shall mean the rate announced from time to time by Citibank, N.A., in New York as its "base rate."

"Purchase Agreement" shall mean the purchase agreement between the Lessee and the Manufacturer in respect of the Equipment, as amended, supplemented or otherwise modified from time to time.

"Purchase Agreement Assignment" shall mean that certain Purchase Agreement Assignment (SPTC Trust No. 1994-2) dated as of June 29, 1994 between the Lessee and the Lessor.

"Purchase Date" shall have the meaning specified in Section 4.04(b) of the Indenture.

"Refinancing Date" shall have the meaning set forth in Section 10.2 of the Participation Agreement.

"Register" shall have the meaning specified in Section 2.6 of the Indenture.

"Refunding Agreement" shall mean the Refunding Agreement (SPT 1994-C), dated as of September 29, 1994, among the Lessee, the Owner Participant, the Owner Trustee, the Pass Through Trustee, the Loan Trustee, the Indenture Trustee and the Original Loan Participant.

"Remaining Weighted Average Life" shall mean, with respect to prepayment or purchase of an Equipment Note, the number of days equal to the quotient obtained by dividing (A) the sum of the products obtained by multiplying (1) the amount of each then remaining principal payment on such Equipment Note by (2) the number of days from and including the prepayment date or Purchase Date, as the case may be, to but excluding the scheduled payment date of such principal payment by (B) the unpaid principal amount of such Equipment Note.

"Renewal Term" shall mean, with respect to any Unit, the term in respect of which the Lessee shall have exercised its option to renew the lease for such Unit pursuant to Section 22.2 of the Lease.

"Renewal Term Commencement Date" shall mean _____, _____.

"Rent" shall mean all Basic Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" shall mean each January 2 and July 2 of each year occurring during the Lease Term, commencing January 2, 1995, provided that if any such date shall not be a Business Day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day; provided further that with respect to Units that have a Basic Term Expiration Date that is fifteen years and nine months after the Basic Term Commencement Date, such Basic Term Expiration Date shall also be a Rent Payment Date.

"Replacement Unit" shall mean a locomotive, which shall meet the standards of Section 11.2(i) of the Lease and have been leased under the Lease pursuant to Section 11.4 thereof.

"Required Modification" shall have the meaning specified in Section 9.1 of the Lease.

"Requirement of Law" means, as to any Loan Participant, any law (statutory or common), treaty, rule or regulation or determination of an arbitration or of a Governmental Authority, in each case applicable to or binding upon such Loan Participant.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Agreement, the President, any Vice President, Treasurer, Assistant Treasurer, Controller (and, with respect to the Owner Trustee, a duly authorized officer in its Corporate Trust Administration department and, with respect to the Loan Trustee or the Pass Through Trustee, a duly authorized officer in its Corporate Trust Division) or other officer, who, in each case, in the normal performance of his operational responsibility would have knowledge of such matters and the requirements with respect thereto.

"Scheduled Closing Date" shall have the meaning specified in Section 2.7(b) of the Participation Agreement.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Series" shall mean the series of Equipment Notes described in Section 2.01(a) of the Indenture.

"Severable Modification" shall mean any Modification other than a Non-Severable Modification.

"Stipulated Loss Payment Date" shall mean the 2nd day of each month during the Term.

"Stipulated Loss Value" payable with respect to an Event of Loss for any Unit as of any date of determination shall mean the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in Schedule 4 to the Participation Agreement opposite the Determination Date on which such Stipulated Loss Value is being determined; provided that during any Renewal Term, "Stipulated Loss Value" shall be determined as provided in Section 22.5 of the Lease. Anything contained in the Lease, the Participation Agreement or the Tax Indemnity Agreement to the contrary notwithstanding, Stipulated Loss Value for such Unit (both before and after any adjustment pursuant to Section 2.6 of the Participation Agreement or any deduction pursuant to Section 3.5 of the Lease) will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee under the Lease in connection with such Event of Loss, will be at least sufficient to pay in full as of the date of payment thereof the aggregate amount payable with respect to such Unit pursuant to Section 2.09(a) of the Indenture.

"Storage Period" shall have the meaning specified in Section 6.1(a) of the Lease.

"Subsequent Equipment Notes" shall mean those Equipment Notes issued after the Debt Closing Date, in the types and amounts not greater than the difference between those Equipment Notes listed on Schedule I-A to the Refunding Agreement and the Initial Equipment Notes.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the voting stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee is obligated to pay under the Operative Agreements to or on behalf of any of the other parties thereto, including, but not limited to, Termination Value, Stipulated Loss Value payments, the EBO Amount, any Make-Whole Premium payable and amounts, if any, payable under Section 2.5 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.6 of the Participation Agreement) by the Lessee.

"Tax Affiliate" shall mean the Lessee, a shareholder of the Lessee, or any party related to the Lessee within the meaning of Section 318 of the Code.

"Tax Indemnatee" shall have the meaning specified in Section 7.1(a) of the Participation Agreement.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement (SPTC Trust No. 1994-2), dated as of January 15, 1994, between the Lessee and the Owner Participant, as amended, supplemented or otherwise modified from time to time.

"Taxes" shall have the meaning specified in Section 7.1(b) of the Participation Agreement.

"Termination Date" shall have the meaning specified in Section 10.1 of the Lease.

"Terminated Units" shall have the meaning specified in Section 10.1 of the Lease.

"Termination Value" for any Unit as of any date of determination shall mean the amount determined by multiplying the Equipment Cost for such Unit by the percentage set forth in Schedule 5 to the Participation Agreement relating to such Unit (as said Schedule is from time to time in effect) opposite the Termination Date on which such Termination Value will be paid; provided that during any Renewal Term, "Termination Value" shall be determined as provided in Section 22.2 of the Lease. Anything contained in the Lease, the Participation Agreement or the Tax Indemnity Agreement to the contrary notwithstanding, Termination Value for such Unit (both before and after any adjustment pursuant to Section 2.6 of the Participation Agreement or any deduction pursuant to Section 3.5 of the Lease) will, under any circumstances and in any event, be an amount which, together with any other amounts required to be paid by Lessee under the Lease in connection with such termination, will be at least sufficient to pay in full as of the date of payment thereof the aggregate amount payable with respect to such Unit pursuant to Section 2.09(b) of the Indenture.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each Unit.

"Transaction Costs" shall have the meaning specified in Section 2.5(a) of the Participation Agreement.

"Transferee" shall have the meaning specified in Section 6.1(a) of the Participation Agreement.

"Treasury Yield" shall mean with respect to prepayment or purchase of each Equipment Note, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield),

determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) (or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), as published in H.15(519)). H.15(519) means "Statistical Release H.15(519), Selected Interest Rates", or any successor publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15 (519) means the latest H.15(519) which is published prior to the close of business on the third Business Day preceding the scheduled prepayment date.

"Trust" shall have the meaning specified in the Trust Agreement.

"Trust Agreement" shall mean the Original Trust Agreement (redesignated SPT 1994-C), as amended by the First Amendment to Trust Agreement, by the Trust Agreement Amendment, and as further amended, supplemented or otherwise modified from time to time.

"Trust Agreement Amendment" shall mean the Second Amendment to Trust Agreement (SPT 1994-C), dated as of September 29, 1994, between the Owner Participant and Shawmut Bank Connecticut, National Association.

"Trust Estate" shall mean all the estate, right, title and interest of the Owner Trustee in, to and under the Equipment and the Operative Agreements including, without limitation, all funds advanced to the Owner Trustee by the Owner Participant, all proceeds from the sale of the Equipment Notes, all installments and other payments of Basic Rent, Supplemental Rent, insurance proceeds, Stipulated Loss Values, condemnation awards, Termination Values, the EBO Amount, purchase price, sale proceeds, and all other proceeds of any kind for or with respect to the Equipment and the Operative Agreements but excluding Excepted Property.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended.

"Trustee" shall mean each of the Owner Trustee, the Loan Trustee or the Pass Through Trustee and "Trustees" shall mean the Owner Trustee, Loan Trustee and the Pass Through Trustee, collectively.

"Underwriters" shall mean Morgan Stanley & Co. Incorporated and Kidder, Peabody & Co. Incorporated.

"Underwriting Agreement" shall mean that certain Underwriting Agreement between the Lessee and Morgan Stanley & Co. Incorporated and Kidder, Peabody & Co. Incorporated, pertaining to the sale of the Pass Through Certificates.

"Unit" shall mean each individual unit or item of Equipment, including any Replacement Unit.

"United States Person" shall mean any "United States person" as such term is defined in Section 7701(a)(30) of the Code and the applicable regulations thereunder.